End of third quarter highlights

- After nearly two months of improvement, dwell now lower than 2016 full-year average
- Velocity continues six weeks of gains and is now higher than 2016 full-year average
- Merchandise transit times have returned to normal range, and are lower than transit levels at the outset of Precision Scheduled Railroad implementation in first quarter 2017
- Despite Hurricane Irma disruption, broader network recovery momentum continued
- Train plan has stabilized and volume is flowing through terminals effectively; network prepared as volume rises sequentially moving into fall peak season
- Customer logs down over 50% from height of network challenges, and represent <1% of daily originations and <0.2% of active cars online

Significant operating improvements during third quarter put CSX on a solid foundation for fall peak

Note: Dwell and velocity cited according to CSX methodology; explanation of CSX methodology can be found in appendix. Week 37 & 38 dwell and velocity exclude terminals that held cars through Hurricane Irma-impacted period and specific trains held through storm, respectively
Continued progression in network performance last week

- Dwell remained at lower levels; velocity at highest point since June*
- Right Car Right Train stable
- Crew and power resource levels remain well matched to demand
- Hump yards performing reliably as hump volume has stabilized to planned levels
- Western terminals recovered, secondary congestion recovered as well
- Empty car fulfillment at highest level since June as car flows have returned after the storm
- Local pull and place performance stable
- Customer problem logs have returned to normal levels as performance has improved
- Interchange volumes and performance steady

CSX experienced congestion challenges at Western corridor terminals from mid-late July (weeks 29-31); original terminals now healthy and network recovery progressing

* Dwell and velocity citations exclude terminals that held cars through storm-impacted period and specific trains held through storm, respectively
Velocity up, dwell stable at improved performance levels

On Time Originations (%)

On Time Arrivals (%)

Dwell (hours)

Velocity (mph)

Note: Dwell and velocity displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Week 37 & 38 dwell and velocity exclude terminals that held cars through Hurricane Irma-impacted period and specific trains held through storm, respectively.
Right Car Right Train holding relatively stable; less relevant in PSR

Right Car Right Train is no longer a measure that CSX uses to manage its operation

- In precision scheduled railroading (PSR), if a car can be advanced on another train to speed transit or ensure its on-time arrival, there is not one “right train”

- Car priority is to move cars quickly, on next available train
  - Asset utilization a key tenet of PSR

- Train priority is blocking integrity and departing all available, relevant cars from the yard
  - Blocking integrity certifies that a train is built correctly and shipments are headed to the correct location
  - Managed through field supervision

---

1 ‘Right Car Right Train’ is defined as the percentage of cars that departed from a yard in accordance with their car scheduling trip plan
Resourcing appropriately to meet business needs

- Q3 locomotive level stable; engines available to meet impending grain harvest season
- Re-crew rates remain at historic lows and stable

Power and crew availability steady in third quarter at approximately 99% and 95%, respectively

1 Re-crew rate is re-crew people starts as a percent of total measured people starts, and represents incidences of replacing a crew on the same train ID (generally due to hours of service).
Hump yard performance steady

CSX Hump Terminal Overview

- Transitioned to flat-switching operations
- Hump terminals

Total hump yard volumes remain in a consistent band week-over-week, well below capacity of yards

Total hump dwell back to pre-hurricane levels as traffic flows have normalized
  - Cars and trains held at Waycross through storm period

Absolute number of humps not “good” or “bad”; goal is best mix of hump and flat yards for processing efficiency

Dwell at Hump Terminals

- Week 37 & 38 dwell excludes terminals that held cars through Hurricane Irma-impacted period

1 Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix.
Western performance recovered; plan changes alleviated congestion

- Key terminal productivity and performance measures recovered in former “trouble” spots
- Train plan addressed secondary concerns
  - Leveraged Avon as offset of increased volume flow through Russell, Columbus and Louisville
  - Dwell at these three locations down 45% from high point, and in expected range

Western Corridor Key Terminals

- Avon, IN
- Evansville, IN
- Nashville, TN
- Birmingham, AL
- Montgomery, AL
- Mobile, AL

Western terminals

Dwell at Western Terminals¹

<table>
<thead>
<tr>
<th>Weeks</th>
<th>25</th>
<th>27</th>
<th>29</th>
<th>31</th>
<th>33</th>
<th>35</th>
<th>37</th>
<th>Sep. 23 – Sep. 29</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16</td>
<td>16</td>
<td>20</td>
<td>22</td>
<td>20</td>
<td>16</td>
<td>10.9</td>
<td>14.1</td>
</tr>
<tr>
<td></td>
<td>14.1</td>
<td>14.1</td>
<td>12.7</td>
<td>11.3</td>
<td>11.3</td>
<td>12.8</td>
<td>11.7</td>
<td></td>
</tr>
</tbody>
</table>

¹ Dwell displayed according to CSX methodology; explanation of CSX methodology can be found in appendix. Week 37 & 38 dwell excludes terminals that held cars through Hurricane Irma-impacted period.
Car order fill fully recovered from storm impacts

- Holding of cars through storm caused temporary backlog of regional flows
  - Waycross a key distribution point of cars

- Empty car dwell continues to rise at customer locations
  - Indicates improved car supply and availability
  - Customers maintaining buffer stock, which elongates total asset turn times

- Absolute car orders filled, and fulfillment rate, for week 39 at highest level since June

---

1. Normalized fill rate is a proxy of demand fulfillment against historical/expected order levels, as current order levels are disconnected with demand.
Last mile performance stable, back to pre-storm levels

- Local Service Measurement (LSM) is no longer a metric that CSX uses to manage its operation
  - In precision scheduled railroading (PSR), focus on end-to-end transit and customer expectations
  - Last mile performance must be in combination with, not independent of, overall performance

- Accordingly, LSM as a reported metric was discontinued upon start of PSR implementation
  - At request of STB, last mile tracking reinstated to monitor through implementation period
  - Data reflects passive information flow, lacking prior focus on field reporting to ensure LSM capture

- Reliable pull and place expected as part of service to customers

---

1 ‘Local Service Measurement’ is defined as the percentage of cars that were pulled or placed at a customer location based upon daily customer request, the local service plan and available inventory at the local serving yard
Customer problem logs returned to normal levels

- Delayed cars remain most frequent concern, but have returned to normal levels (<1% of traffic)
  - Trend in problem logs mirrors timeframe of network challenges and recovery, followed by Hurricane Irma
  - Lower levels of long-dwelling cars reflects overall fluidity improvements

- Nearly 90% of last two weeks’ problem logs have been addressed and closed to-date
  - Leaving more logs open through final destination
  - Managing pipeline of customer concerns to full resolution
Interchanges remain current and performing to expectations.
Realigned service frequency in second quarter
Set the groundwork of a balanced train plan in early July
Terminals’ improved efficiency and traffic flow adjustments have significantly recovered service
Improved execution on this foundation to drive long-term service and productivity improvements
### CSX has changed methodology on some metrics reported publicly

<table>
<thead>
<tr>
<th>Velocity</th>
<th>Dwell</th>
<th>Cars Online</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Former</strong></td>
<td><strong>Former</strong></td>
<td><strong>Former</strong></td>
</tr>
<tr>
<td>Line of road miles per hour</td>
<td>Car time at terminal, excluding cars on the same train ID</td>
<td>All cars on CSX, as determined by RailInc</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td><strong>Current</strong></td>
<td><strong>Current</strong></td>
</tr>
<tr>
<td>Total miles traveled per hour, including intermediate dwell of the train</td>
<td>All car time with a terminal work event, including through cars on same train ID (e.g. crew change)</td>
<td>RailInc cars on CSX, excluding cars stored, under repair, sold, and private cars ex online inventory</td>
</tr>
<tr>
<td>Includes full trip of a train and ability to diagnose overall speed profile (in support of improvement in asset cycle)</td>
<td>Includes all dwell with ability to diagnose all events impacting car movement (in support of improvement in asset cycle)</td>
<td>More accurate measurement of active cars on line, i.e. cars for which CSX is focused on real-time, efficient movement</td>
</tr>
<tr>
<td><strong>Change</strong></td>
<td><strong>Change</strong></td>
<td><strong>Effect on Metric</strong></td>
</tr>
<tr>
<td><strong>Reason</strong></td>
<td><strong>Reason</strong></td>
<td>Reported cars online will be lower</td>
</tr>
<tr>
<td>Reported velocity will be lower</td>
<td>Reported dwell will be lower</td>
<td></td>
</tr>
</tbody>
</table>

Restated historical data in new methodology available on csx.com/servicemetrics